



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0234	Title:	Authorize off premise beer and wine licensees hold tasting events
Primary Sponsor:	Ebinger, Bob	Status:	As Introduced

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
Other	\$0	\$0	\$0	\$0
Revenue:				
General Fund (Transfers)	(\$34,979)	(\$30,479)	(\$31,241)	(\$32,022)
Net Impact-General Fund Balance	<u>(\$34,979)</u>	<u>(\$30,479)</u>	<u>(\$31,241)</u>	<u>(\$32,022)</u>

Description of fiscal impact:

This bill allows retail establishments licensed to sell wine and beer for off the premises consumption to hold up to 12 tasting events on their premises each year if these parties obtain a permit for the event. The Department of Revenue estimates that this new permit will require an additional half FTE and will cost \$34,979 in the first year and \$30,479 in the second year, increasing in subsequent years. These increased costs will reduce the liquor profits transferred to the general fund.

FISCAL ANALYSIS

Assumptions:

1. This bill will allow on-premises consumption for tasting events in retail establishments currently licensed for only off-sale premises of beer and wine in original packages. It would add a new section and amend 16-4-115, MCA so that a licensee licensed to sell beer and table wine for off-premises consumption, could hold up to 12 tasting events at the licensed premises in a calendar year. At each tasting event a person could receive up to 10 one-ounce servings. A licensee would be required to notify the department at least

10 days in advance of the event, and the department would then be required to issue a permit for the event, if certain criteria are met. Electronic permit administration would be permitted, as provided by rule by the department.

2. There would be some administrative costs to the department to receive, review, and approve the permit applications for tasting events made by licensees.
3. To administer this program would require programming in GenTax to process permits. This bill is estimated to require 200 hours of development time and 50 hours of testing the system which would be covered under the current maintenance contract with GenTax. However the staff working on these changes will be redirected from their other duties.
4. Given that there are over 900 off-premises locations, the proposed bill will require a 0.5 FTE to process what are expected to be hundreds of permits a month.
5. The estimated cost of the additional 0.5 FTE needed to process the new permits is \$34,979 in FY 2010, \$30,479 in FY 2011, \$31,241 in FY 2012, and \$32,022 in FY 2013. The cost in FY 2010 includes one-time only expenses of \$4,900 for office, computer equipment and supplies, and other start-up costs. The costs in FY 2012 and FY 2013 are increased by 2.5% to reflect the standard inflation adjustment.
6. The increased costs would decrease liquor profits. Liquor profits are transferred to the general fund, so a decrease in liquor profits will result in decreased general fund revenue.
7. There is no effective date or applicability date specifically stated in the bill so the legislation is assumed to be effective October 1, 2009. However, the costs are assumed to be incurred starting with the beginning of FY 2010 in order to prepare to implement and administer the new permits.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$22,783	\$22,783	\$23,353	\$23,936
Operating Expenses	\$7,296	\$7,696	\$7,888	\$8,086
Equipment	\$4,900	\$0	\$0	\$0
Transfers to General Fund	<u>(\$34,979)</u>	<u>(\$30,479)</u>	<u>(\$31,241)</u>	<u>(\$32,022)</u>
TOTAL Expenditures	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$0)</u></u>	<u><u>(\$0)</u></u>

<u>Revenues:</u>				
General Fund (01)	<u>(\$34,979)</u>	<u>(\$30,479)</u>	<u>(\$31,241)</u>	<u>(\$32,022)</u>
TOTAL Revenues	<u><u>(\$34,979)</u></u>	<u><u>(\$30,479)</u></u>	<u><u>(\$31,241)</u></u>	<u><u>(\$32,022)</u></u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	<u>(\$34,979)</u>	<u>(\$30,479)</u>	<u>(\$31,241)</u>	<u>(\$32,022)</u>
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Sponsor's Initials

Date

Budget Director's Initials

Date